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Message Text

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64
ACTION STR-01

INFO OCT-01 SS-14 ADP-00 EB-03 AGR-03 COME-00 TRSE-00

CIEP-01 L-02 NSC-10 NSCE-00 EUR-10 OMB-01 CIAE-00

INR-10 NSAE-00 RSC-01 TAR-01 RSR-01 /059 W
---------- 111447
R 311845Z AUG 73
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 2914
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION GENEVA

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E.O. 11652: N/A
TAGS: ETRD, GATT, EC, FR
SUBJECT: ARTICLE 24:6 NEGOTIATIONS

REF: A. STATE 169850; B. PARIS 23037

SUMMARY: EMBOFFS HAVE FOLLOWED UP CHARGE'S DEMARCHE WITH DETAILED PRESENTATIONS TO SENIOR OFFICIALS IN MINISTRIES OF FOREIGN AFFAIRS, AGRICULTURE, AND FINANCE AND ECONOMIC AFFAIRS (DREE). OFFICIALS TOOK CAREFUL NOTES ON OUR PRESENTATION AND, WHILE REMAINING NON-COMMITTAL ON THE POSSIBILITY OF IMPROVEMENT OF THE COMMISSION LIST, SEEMED, WITH THE EXCEPTION OF CORSON IN AGRICULTURE, OPEN-MINDED AND
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PREPARED TO CONSIDER OUR VIEWS. CONSEQUENTLY, WE BELIEVE

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THAT THE DEMARCHE WAS WELL CONCEIVED AND WELL TIMED AND THAT THERE IS A REASONABLE CHANCE THAT IT WILL HAVE A BENEFICIAL EFFECT ON GOF THINKING. END SUMMARY.

1. IN FOLLOW-UP OF CHARGE'S CALL ON QUAI SECRETARY GENERAL DE COURCEL REPORTED REF B, ECON/COM MIN HAD DETAILED SESSION WITH BOCHET, ACTING DIRECTOR OF MULTILATERAL ECONOMIC AFFAIRS IN ABSENCE OF NANTEUIL. (BRUNET, DIRECTOR OF ECONOMIC AFFAIRS, WAS ALSO UNAVAILABLE.) ECON/COM MIN MADE EXTENSIVE PRESENTATION BASED ON NOTE AND ON PARAGRAPHS 5 AND 6 OF REF A. BOCHET TOOK DETAILED NOTES.

2. IN RESPONDING TO THIS PRESENTATION, BOCHET FIRST NOTED WHAT HE DESCRIBED AS A DIVERGENCE OF VIEWS BETWEEN THE U.S. AND THE EC ON THE INTERPRETATION OF ARTICLE 24:6, STATING U.S. EMPHASIZED FIRST SENTENCE, WHICH SPEAKS OF INCREASED RATES OF DUTY, WHILE EC EMPHASIZED SECOND SENTENCE, WHICH SPEAKS OF COMPENSATION ALREADY AFFORDED. TAKING NOTE OF OUR ARGUMENT THAT ORIGINAL EC OFFER TOOK INSUFFICIENT ACCOUNT OF QUALITATIVE CONSIDERATIONS, HE SAID THAT QUANTITATIVE BENEFITS OF NEW EC SCHEDULE WERE IN MANY CASES SO SUBSTANTIAL AS TO CONSTITUTE QUALITATIVE BENEFITS. HE REPEATED THE EC ARGUMENT THAT THE U.S. SHOULD GAIN MORE THAN IT LOST FROM THE ADOPTION BY THE THREE OF THE TARIFF SCHEDULE OF THE SIX.

3. TURNING TO THE PROPOSED LIST OF 30 ITEMS, BOCHET NOTED THAT THE U.S. WAS FAR AND AWAY THE PRINCIPAL BENEFICIARY. HE SAID THE COUNCIL OF MINISTERS HAD NOT HAD TIME TO STUDY THE LIST AT ITS LAST MEETING IN JULY AND THAT THERE HAD BEEN NO DEVELOPMENTS SINCE THEN. HE WAS NOT IN A POSITION TO SAY WHETHER OR NOT ANY IMPROVEMENTS COULD BE MADE IN THE LIST (INDEED, SOME OF THE PRODUCTS ON THE LIST IN ITS PRESENT FORM, SUCH AS TRUCKS, KRAFT PAPER AND CITRUS, COULD CAUSE DIFFICULTIES FOR THE FRENCH). HOWEVER, HE SAID, THE LIST WAS NOT A UKASE AND HE ASSURED US THAT OUR VIEWS WOULD BE GIVEN CAREFUL CONSIDERATION BY THE GOF. HE ADDED THAT HAVING THIS OPPORTUNITY TO KNOW THE VIEWS OF THE U.S. WOULD BE HELPFUL TO THE COUNCIL AS IT CONSIDERED THE COMMISSION'S PROPOSAL.

4. ON GRAINS, BOCHET REAFFIRMED THE FRENCH POSITION THAT IF WE LIMITED OFFICIAL USE

ACCEPTED THE EC OFFER UNDER ARTICLE 24:6, THEN THE EC WOULD CONSIDER THIS AS A COMPENSATION FOR OUR ENTIRE CLAIM, INCLUDING GRAINS, AND WE WOULD NOT BE ENTITLED TO ANY FURTHER CREDIT ON GRAINS AS A CONSEQUENCE OF THE ENLARGMENT, E.G. IN THE NEGOTIATIONS ON THE 1962 STANDSTILL RIGHTS.

5. ECON/COM MIN LAID PARTICULAR STRESS ON THE POLITICAL SIGNIFICANCE OF SATISFACTORY SETTLEMENT OF OUR ARTICLE 24:6CLAIM

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IN THE CONTEXT OF CONGRESSIONAL CONSIDERATION OF THE TRADE BILL. BOCHET ASSURED US THAT ALL THE NINE GOVERNMENTS WERE AWARE OF THE POLITICAL CONSIDERATIONS AND THAT THEY WOULD BE TAKEN INTO ACCOUNT BY THE EC MINISTERS.

6. ON AUGUST 31 ECON/COM MIN MADE SIMILAR PRESENTATION TO DE MOREL, DIRECTOR OF DREE. DE MOREL ALSO TOOK CAREFUL NOTE OF OUR SUGGESTIONS FOR IMPROVING THE COMMISSION'S LIST, AND ALSO REAFFIRMED FRENCH VIEW THAT THE EC OWED THE U.S. NOTHING WITHOUT, HOWEVER, RULING OUT THE POSSIBILITY OF SOME IMPROVEMENT OF THE COMMISSION'S LIST.

7. IN A PARALLEL FOLLOW-UP ON AUGUST 30, AG ATTACHE DELIVERED TEXT OF NOTE TO CORSON, TOP CIVIL SERVANT IN AGRICULTURE MINISTRY. CORSON ALSO REPEATED FRENCH VIEW THAT U.S. WAS NOT ENTITLED TO COMPENSATION BUT CHARACTERISTICALLY SEEMED LESS OPEN-MINDED THAN EITHER BOCHET OR DE MOREL. HE TOOK A PARTICULARLY HARD POSITION ON GRAINS. ONLY ON CITRUS DID A POSSIBLE GLIMMER OF LIGHT APPEAR. HE STATED U.S. COULD EXPECT NO BENEFITS FROM EXTENSION OF DUTY REDUCTION ON CITRUS TO INCLUDE MARCH-MAY PERIOD BECAUSE OF COMPETITION FROM SPAIN AND OTHER MEDITERRANEAN SUPPLIERS. AG ATTACHE REPLIED THAT, IN THAT CASE, WHY NOT MAKE THE OFFER, WHICH WOULD BE OF POLITICAL BENEFIT TO THE U.S. AND HELPFUL TO U.S./EC RELATIONS. CORSON SEEMED TO SEE SOME VALIDITY TO THIS ARGUMENT.

8. COMMENT: NONE OF THE FRENCH OFFICIALS WHOM WE SAW IN THIS DEMARCHE OFFERED US ANY ENCOURAGEMENT ON THE POSSIBILITY OF IMPROVEMENT OF THE COMMISSION'S LIST IS POSSIBLE. BUT WITH THE EXCEPTION OF CORSON, THEY SEEMED OPEN-MINDED AND PREPARED TO CONSIDER OUR VIEWS. CONSEQUENTLY, WE BELIEVE THAT THE DEMARCHE WAS WELL-CONCEIVED AND WELL-TIMED AND THAT THERE IS A REASONABLE CHANCE THAT IT WILL HAVE A BENEFICIAL EFFECT ON GOF
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THINKING. DECONTROL DECEMBER 31,1979.
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